Proposed Synopsis on

"Entrepreneurship Development through Pradhan Mantri MUDRA Yojana (PMMY): A study with reference to Nanded District"

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Introduction

After the successful launch and record break results of Pradhan Mantri Jan Dhan Yojana, popularly known as PMJDY, which achieved the key objective of the government i.e. Financial Inclusion, the Prime Minister has now focused on another major sector of employment generation and economic development, this scheme is known as MUDRA (Micro Units Development and Refinance Agency), launching of this scheme was announced in the Union Budget of the financial year 2015-16. It was sketched and outlined by Hon'ble Prime Minister of India under the ambitious PMMY, which stands for, Prime Minister Mudra Yojana, a scheme for funding the unfunded. This scheme was actually come in force from 8th April, 2015. It is being set up through a statutory enactment. But the enactment is likely to take some time, temporarily; MUDRA will start its functioning under SIDBI as a subsidiary and registered as a NBFC stands for Non Banking Financial Corporation.

MUDRA's main aim is to finance the "Last Mile Financiers" of micro and small entrepreneurs by working with partner local coordinators. The main aim behind launching this scheme is to provide finance to Non-Corporate Small Business Sector (NCSBS).

Products & offerings of MUDRA

MUDRA Bank will be useful to the following target groups such as proprietorship/partnership firms running as small manufacturing units, shopkeepers, fruits/ vegetable sellers, hair cutting saloons, beauty parlours/ transporters, truck operators, hawkers, co-operatives or body of individuals, food service units, repair shops, machine operators, small industries, artisans, food processors, self help groups, professionals and service providers etc. both in rural and urban areas with financial requirements up to Rs- 10 lakhs.

The initial products and schemes under this umbrella have already been created and interventions have been named Shishu, Kishor and Tarun to signify the stages of growth or development and funding needs of the beneficiary micro unit or entrepreneur.

1. **Shishu**:- If you have just commenced your small business, then you will get loan cover up to Rs- 50,000/-
2. **Kishor:-** If you have set your business, then you are eligible to get a loan coverage ranging in between Rs- 50,000/- to Rs- 5,00,000/-.
3. **Tarun:-** If you have a well settled business and are wishing to expand it by raising fund, MUDRA will give financial assistance up to Rs-10,00,000/-

Review of Literature

For deciding the various parameters to conduct the present study, an intensive review of the research work and other published literature on MUDRA Yojana was made. It helped the researcher to present a gap between present and future position. Further the review of literature assisted in designing research methodology, selecting the sampling techniques, analytical tools, framing of hypothesis, interpretation of results etc.

Venkatachalam S, Linda Mary Simon have analyzed in **"MUDRA Bank to fund the unfunded small entrepreneurs- A Conceptual framework"** that The MUDRA Bank has to take the initiative to reach out to new innovators, counsel them, and, wherever possible, connect them with their other clients, to help develop their market. Although Poor do need serviceable savings facilities on regular basis, but if their savings are fixed with the MUDRA and they have to borrow, the economics is upside down. MUDRA main role is to creating relationship between creative people and successful clients could be a game changing institutional innovation. Improvement in different segments, at different levels and for different sections will aid this process in no small measure" the role of the banking system was paramount in the entire innovation value chain. In this bank security and safety aspects are also equally critical. Convenient and appropriate savings products need to be developed for the MUDRA clients. Also, financial inclusion has to be much wider and extensive than merely having saving accounts and or borrowings from the banks. The Poor must have an opportunity to access and mediate his savings to the pool of investment that fetches him the rate of interest on his savings comparable on other saving and investment instruments available in the market. MUDRA is to contributing to reduce economic inequality and would need proper solution for the small business.'

Dr. J Venkatesh & Ms. R. Lavanya Kumari in their research article **"Performance of MUDRA Bank: A study on Financial Assistance to MSME Sector"** stated that 'India stands at the threshold of becoming an economic with a huge demographic dividend to capitalize on. The small scale industries which form the foundation of the economic strata need to be strengthened and supported. The numerous initiatives introduced in the past few years are a step in the right direction. Besides schemes being introduced for the overall growth and development of the MSME sector, initiatives have been launched which focus solely on entrepreneurs. The schemes will contribute to the well-being of the individuals engaged in small scale industries which will positively affect the progress of the economy as a whole.'

According to **Mr. Krishna Kumar,** in his research paper, "**MUDRA-A helping hand of small scale industries"** mentioned that 'The Mudra bank can be different from existing system if it will be more relationship based and not just rule based. It should involve less paper work, enabling easy accessibility to finance. In addition, it should deal with cash flow based lending rather than asset based lending. After all, most of the target borrowers are in the service sectors and hence the need to focus more on income generated rather than fixed assets.'

Need of the study

The biggest bottleneck to the growth of entrepreneurship is in the NCSBS is lack of financial support to this sector. The support from the banks to this sector is meagre; with less than 15% of bank credit is going to micro, small and medium enterprises (MSME's). A vast part of the non-corporate sector operates as unregistered enterprises. They do not maintain books of accounts and are not formally covered under taxation areas. Therefore, banks find it difficult to lend to them.

It is in this backdrop that Government of India (GoI) is setting up Micro Units Development & Refinance Agencies (MUDRA) bank through a statutory enactment. This agency would be responsible for developing and refinancing all Micro Finance Institutions (MFIs) which are in the business of lending to micro/small business entities engaged in manufacturing, trading and service activities. The bank would partner with state level/ regional level co-coordinators to provide finance to Last Mile Financiers of small/ micro business enterprises.

Objectives of the Research study

1. To study the accomplishment of objectives of MUDRA Yojana.
2. To measure the financial growth of the beneficiaries' of MUDRA Yojana.
3. To suggest certain measures relating to the efficient functioning of MUDRA.
4. To evaluate the performance of MUDRA from beneficiaries' and bank personnel's point of view.

Hypothesis of the Research study

On the basis of the objectives formed, the study proposes to test the null hypotheses which are designed as under;

1. There is no significant impact of MUDRA Yojana on Entrepreneurship Development.

2. The objectives of Entrepreneurship Development are not achieved through MUDRA Yojana.
3. There is no significant financial growth in Entrepreneurship Development through MUDRA Yojana.
4. There is no association between the financial growth of Entrepreneurship Development and MUDRA Yojana.

Scope & Limitations of the Research study

Performance evaluation of MUDRA Yojana in this study is confined to three aspects namely, Financial, beneficiary public and regulatory body. In financial aspect, the performance of MUDRA is evaluated on the basis of the rate of interest charged, EMI paid by the beneficiaries', amount of loan taken etc. the impact of regulatory measures taken from time to time by regulatory authority on the performance of MUDRA Yojana will also be studied. It is undertaken with a broad view of making an in-depth study of the same.

The study is restricted to the geographical boundaries of Nanded District covering 10% of the whole public sector banks located in the district. The population of this study are the beneficiaries' of the MUDRA scheme of the chosen banks, i.e. State Bank of India and IDBI Bank (Industrial Bank of India), the banks are selected on the basis of 'largest size'. And the sample size of this study is confined to 10% of the population. i.e. 10% of the beneficiaries' of MUDRA Yojana of SBI and IDBI banks .

1. The study is restricted to the district of Nanded.
2. Time reference is maximum 5 years hence.

Research Methodology

The selection of an appropriate research methodology is crucial to the effectiveness of a research work. Methodology falls within the categories of positivist, interpretive and critical. Majority of business and marketing research encompasses with the positivist or quantitative and qualitative methods. A quantitative methodology was employed in order to obtain data so as to address the research questions. According to Yin (1994), qualitative research approach for study. The data will be collected in combination of literature, search and analysis. The raw data will be tabulated, processed and analyzed using the appropriate statistical technique in the light of clarity obtained in the course of the type of data encountered.

- **Research Design**

In order to fulfil the objectives of the study mentioned above, an exploratory study will be conducted to get insights of how a beneficiary evaluates the benefits of the scheme. The required information will be collected through structured questionnaire in the form of schedule and personal interviews of the beneficiaries' and banking personnel and visit to the site.

- **Sample Design**
  - **a) Sample size:** The sample size will be 10% of the beneficiaries of MUDRA Yojana of selected public sector banks located in the whole district.
  - **b) Sampling Method:** Initially, the random sampling technique will be used for the study and afterwards purposive sampling method will be followed.
- **Data Collection**

  Both primary and secondary data will be used for this research study.

  a) **Primary Data:** Structured questionnaire the form of schedule and personal interviews will be used so as to collect the primary data.

  b) **Secondary Data:** Secondary Data will be collected from the following published documents;

  1. Bank records,
  2. Balance sheet of the entrepreneurs,
  3. Annual reports of MSME,
  4. Annual reports of banks chosen for the study,
  5. Research articles published on MUDRA Yojana,
  6. Newspapers,
  7. Magazines and Journals, Periodicals,
  8. Reports of MUDRA published by the government, RBI and Ministry of Finance
  9. Official website of MUDRA and other sources on net and off net.

Proposed Chapter Scheme

The present study will be divided into the following chapters.

Chapter I	**:**	Introduction and an Overview of MUDRA Yojana
Chapter II	**:**	Research Methodology
Chapter III	**:**	Review of Literature
Chapter IV	**:**	Data Analysis and Interpretation
Chapter V	**:**	Conclusions, Findings & Suggestions
		Bibliography & Appendices

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